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CUSIP: 74254PKE1

2.000%



Principal Life Insurance Company Principal® Life CoreNotes® (Callable) Issued Through Principal Life Income Fundings Trust 2005-123 (the "Trust")

The description of this pricing supplement of the particular terms of the Principal[®] Life CoreNotes[®] offered hereby, and the Funding Agreement (specified below) sold by Principal Life Insurance Company ("Principal Life") to the Trust, (specified herein) the payment obligations of which are fully and unconditionally guaranteed by the Guarantee (specified below) issued by Principal Financial Group, Inc. to the Trust, supplements the description of the general terms and provisions of the notes, the funding agreements and the guarantees set forth in the accompanying prospectus and prospectus supplement, to which reference is hereby made.

Purchasing Agent Discount:

\$484,000.0

1. The Notes

Principal Amount:

Issue Price:	100.0%	Original	Issue Date:	12/14/05	
Net Proceeds to the Trust:	\$474,320.0	Stated M	aturity Date:	12/15/20	
Interest Payment Dates:	The 15th day of	every sixth mon	th commencing on 06/15/2006.		
Initial Interest Payment Date:	06/15/06	06/15/06			
Regular Record Date:	The 1st day of e	The 1st day of every sixth month commencing on 06/01/2006.			
Type of Interest Rate:	☑ Fixed Rate	o Floating Rate			
Fixed Rate Notes:	⊠ Yes	o No.	If, Yes,		
Interest Rate:	5.70%				
Floating Rate Notes:	o Yes	⊠ No.	If, Yes,		
Regular Floating Rate Notes: Interest Rate: Interest Rate Basis(es):	o Yes	o No.	If, Yes,		
Floating Rate/Fixed Rate Note: Floating Interest Rate: Interest Rate Basis(es): Fixed Interest Rate: Fixed Rate Commencement Date:	o Yes	o No.	If, Yes,		
Initial Interest Rate, if any:	N/A				
Initial Interest Reset Date:	N/A				

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[&]quot;CoreNotes $^{\circledR}$ " is a registered service mark of Merrill Lynch & Co.

Interest Rate Basis(es). Check all that apply: N/A o CD Rate o CMT Rate o Commercial Paper Rate o LIBOR o Treasury Rate o Prime Rate o Other (See Attached) If LIBOR: o LIBOR Reuters Page o LIBOR Moneyline Telerate Page LIBOR Currency: If CMT Rate: Designated CMT Telerate Page: If 7052: o Weekly Average o Monthly Average Designated CMT Maturity Index: Index Maturity: N/A Spread (+/-): N/A Spread Multiplier: N/A Interest Reset Date(s): N/A Interest Rate Determination Date(s): N/A Maximum Interest Rate, if any: N/A Minimum Interest Rate, if any: N/A Calculation Agent: Citibank, N.A. Computation of Interest: N/A (not applicable unless different than as specified in the prospectus and prospectus supplement) Day Count Convention: N/A (not applicable unless different than as specified in the prospectus and prospectus supplement) Discount Note: o Yes ⊠ No. If, Yes, Total Amount of Discount: Initial Accrual Period of Discount: Additional/Other Terms: Terms of Survivor's Option: Annual Put Limitation: ⊠ \$2,000,000 or 2%; or _or_% o \$__ Individual Put Limitation: ⊠ \$250,000; or o \$_ Trust Put Limitation: ≥ 2%; or \$____ ⊠ Yes If, Yes, **Redemption Provisions:** o No. Initial Redemption Date: 12/15/08 Redemption: ☑ In whole only and not in part o May be in whole or in part Additional Other Terms: Any redemption date will be an Interest Payment Date falling on or after the Initial Redemption Date Repayment: o Yes ⊠ No. If, Yes, Repayment Date(s): Repayment Price: Repayment: o In whole only and not in part o May be in whole or in part Additional/Other Terms: Sinking Fund (not applicable unless specified): N/A Securities Exchange Listing: o Yes ⊠ No. If, Yes, Name of Exchange: **Authorized Denominations:** \$1,000

Ratings:

The Notes issued under the Program are rated AA by Standard & Poor's ("S&P"). Principal Life expects the Notes to be rated Aa2 by Moody's Investors Service, Inc. ("Moody's").

Purchasing Agent(s) Purchasing Notes as Principal:

If CMT Rate:

If 7052:

Designated CMT Telerate Page:

Designated CMT Maturity Index:

⊠ Yes

o No.

If, Yes,

Purchasing Agent(s)			Principal Amount		
Merrill Lynch Total:			\$ <u>484,000.0</u> \$484,000.0		
State of Organization of the Trust:	New York				
Additional/Other Terms:	None				
Special Tax Considerations:	None				
2. The Funding Agreement					
Funding Agreement Issuer:	Principal Life Insurance Company				
Funding Agreement No.:	6-12922	6-12922			
Deposit:	\$484,015.0				
Net Deposit:	\$474,320.0				
Effective Date:	12/14/05				
Stated Maturity Date:	12/15/20	12/15/20			
Interest Payment Dates:	The 15th day of every	The 15th day of every sixth month commencing on 06/15/2006.			
Initial Interest Payment Date:	06/15/06	06/15/06			
Type of Interest Rate:	⊠ Fixed Rate	o Floating	Rate		
Fixed Rate Funding Agreement:	⊠ Yes	o No.	If, Yes,		
Interest Rate:	5.70%				
Floating Rate Funding Agreement:	o Yes	⊠ No.	If, Yes,		
Regular Floating Rate Funding Agreement: Interest Rate: Interest Rate Basis(es):	o Yes	o No.	If, Yes,		
Floating Rate/Fixed Rate Funding Agreement: Floating Interest Rate: Interest Rate Basis(es): Fixed Interest Rate: Fixed Rate Commencement Date:	o Yes	o No.	If, Yes,		
Initial Interest Rate, if any:	N/A				
Initial Interest Reset Date:	N/A				
Interest Rate Basis(es). Check all that apply:	o CD Rate o Commercial Paper Rate o Treasury Rate o Other (See Attached)	N/A	o CMT Rate o LIBOR o Prime Rate		
If LIBOR:	o LIBOR Reuters Page LIBOR Currency:		o LIBOR Moneyline Telerate Page		

o Monthly Average

o Weekly Average



Index Maturity:	N/A		
Spread (+/-):	N/A		
Spread Multiplier:	N/A		
Interest Reset Date(s):	N/A		
Interest Rate Determination Date(s):	N/A		
Maximum Interest Rate, if any:	N/A		
Minimum Interest Rate, if any:	N/A		
Computation of Interest: (not applicable unless different than as specified in the prospect Day Count Convention: (not applicable unless different than as specified in the prospect)	N/A		
Discount Funding Agreement: Total Amount of Discount: Initial Accrual Period of Discount: Additional/Other Terms:	o Yes	⊠ No.	If, Yes,
Terms of Survivor's Option: Annual Put Limitation:		⊠ \$2,000,000 or o \$o	
Individual Put Limitation:		⊠ \$250,000; or	
Trust Put Limitation:		o \$ ⊠ 2%; or \$	
Redemption: Initial Redemption Date: Redemption: Additional Other Terms:	 ☑ Yes o No. If, Yes, 12/15/08 ☑ In whole only and not in part o May be in whole or in part Any redemption date will be an Interest Payment Date falling on or after the Initial Redemption Date 		
Repayment: Repayment Date(s): Repayment Price: Repayment: Additional/Other Terms:	o Yes o In whole only an o May be in whole		If, Yes,
Sinking Fund (not applicable unless specified):	N/A		
Ratings:			
The Funding Agreement issued under the Program is rated Principal Life expects the Funding Agreement to be rated			
Additional/Other Terms:	None		
Special Tax Considerations:	None		
3. The Guarantee			
Guarantee Issuer:	Principal Financial	Group, Inc.	
Effective Date:	12/14/05		